

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 459 - SB 457

February 28, 2011

SUMMARY OF BILL: Authorizes the State Board of Equalization to grant, by rule, provisional approval of exemption applications, which shall be deemed approved and appealable if no initial determination is made within the time specified in the rule. Recognizes exempt status for additional land up to 15 acres being developed for exempt purposes or found to be reasonably necessary for future development for exempt purposes. Authorizes the Board to require approved applicants for exemption to annually certify continued ownership and use for exempt purposes.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$15,000

Decrease Local Revenue – \$489,000

Assumptions:

- According to the Comptroller of the Treasury, verifications requests will be mailed annually to 50,000 properties at a cost of \$0.30 per request, resulting in a recurring increase to state expenditures of \$15,000 (50,000 x \$0.30).
- According to the Comptroller, a sample of two percent of annual filings of property tax exemption applications identified three applications worth \$1,276 in taxes that were denied after Board approval was delayed for greater than 180 days. The provisional approval of exemption applications due to delay in approval will result in a decrease to local revenue of \$64,000 (\$1,276 / 2%).
- According to the Comptroller, a sample of two percent of annual filings identified five properties worth \$8,500 in taxes in which excess land was denied exemption that will be granted under the proposed program authorizing exemption up to 15 acres. The proposed exemption will result in a decrease to local revenue of \$425,000 (\$8,500 / 2%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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